UNITED STATES PATENT AND TRADEMARK OFFICE

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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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Ex parte DAMON CHARLES HOUGLAND,
MUSAAB AL-TARAS, and JASON ALEXANDER KOROSEC

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Appeal 2016-002632
Application 12/752,985
Technology Center 3600

_____

Before ANTON W. FETTING, TARA L. HUTCHINGS, and
AMEE A. SHAH, *Administrative Patent Judges.*

FETTING, *Administrative Patent Judge.*

DECISION ON APPEAL

STATEMENT OF THE CASE[1]

Damon Charles Hougland, Musaab Al-Taras, and Jason Alexander
Korosec ("Appellants") seek review under 35 U.S.C. § 134 from a final
rejection of claims 1–12 and 14–21, the only claims pending in the

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[1] Our decision will make reference to the Appellants' Appeal Brief ("App.
Br.," filed August 14, 2015) and Reply Brief ("Reply Br.," filed January 4,
2016), and the Examiner's Answer ("Ans.," mailed November 4, 2015), and
Final Action ("Final Act.," mailed March 20, 2015).

application on appeal. We have jurisdiction over the appeal pursuant to 35 U.S.C. § 6(b).

We affirm.

The Appellants invented a framework for payment application development. Spec., para. 2.

An understanding of the invention can be derived from a reading of exemplary claim 1, which is reproduced below (bracketed matter and some paragraphing added).

1. A method comprising:

[1] receiving a request at a payment facilitator,

    the request indicating a split payment from a sender to a plurality of receiving parties

    by including a list of the receiving parties and an indication of an amount to transfer from an account of the sender to each of the receiving parties;

[2] processing the request at the payment facilitator,

    the processing including generating a pay key used for approval of the request;

[3] causing a client machine to be directed to an approval interface associated with the payment facilitator

    with the pay key as a parameter;

and

[4] in response to receiving the approval via the approval interface,

    causing, by one or more processors, the payment facilitator to transfer a single payment

    from the account of the sender directly to at least one respective account of the receiving parties

> based on the request that is processed by the payment
> facilitator,
>
> a first portion of the single payment received at one of
> the at least one respective account to be transferred to at
> least one account of a secondary receiving party of the
> receiving parties based solely on the details within the
> request,
>
> a second portion of the single payment to remain in the
> one of the at least one respective account.

Claims 1–12 and 14–21 stand rejected under 35 U.S.C. § 101 as
directed to non-statutory subject matter.

ISSUES

The issues of eligible subject matter turn primarily on whether the
claims more than abstract conceptual advice on what a generic computer is
to be programmed to perform.

ANALYSIS

Method claim 1 recites receiving and processing a split payment
request, generating data called a pay key that is a parameter at an approval
interface, and sending data representing some payment to an account along
with instructions for some subsequent transfer outside the scope of the
claims. Thus, claim 1 receives and sends data representing payment requests
and payment transfers. None of the limitations recite implementation details
for any of these steps, but instead recite functional results to be achieved by
any and all possible means. Data reception, analysis and modification, and
transmission are all generic, conventional data processing operations to the

point they are themselves concepts awaiting implementation details. The

sequence of data reception-analysis-transmission is equally generic and

conventional. The ordering of the steps is, therefore, ordinary and

conventional. The remaining claims merely describe parameters for the

transactions, information transferred, and conceptual programming

paradigms such as API's, with no implementation details.

> The Supreme Court
>
> set forth a framework for distinguishing patents that claim laws
> of nature, natural phenomena, and abstract ideas from those that
> claim patent-eligible applications of those concepts. First, []
> determine whether the claims at issue are directed to one of
> those patent-ineligible concepts. . . . If so, we then ask, "[w]hat
> else is there in the claims before us?" . . . To answer that
> question, [] consider the elements of each claim both
> individually and "as an ordered combination" to determine
> whether the additional elements "transform the nature of the
> claim" into a patent-eligible application. . . . [The Court]
> described step two of this analysis as a search for an "'inventive
> concept'"—*i.e.*, an element or combination of elements that is
> "sufficient to ensure that the patent in practice amounts to
> significantly more than a patent upon the [ineligible concept]
> itself."

Alice Corp. Pty. Ltd. v. CLS Bank Int'l, 134 S. Ct. 2347, 2355 (2014) (citing

Mayo Collaborative Servs. v. Prometheus Labs., Inc., 566 U.S. 66 (2012)).

To perform this test, we must first determine whether the claims at

issue are directed to a patent-ineligible concept. The Examiner finds that the

claims are directed to receiving a payment request and splitting a payment

from a sender to a plurality of receiver parties. Final Act. 4.

While the Court in *Alice* made a direct finding as to what the claims were directed to, we find that this case's claims themselves and the Specification provide enough information to inform one as to what they are directed to.

The preamble to claim 1 does not recite what the claim is directed to, but the steps in claim 1 result in a split payment transaction. The Specification at paragraph 2 describes the invention as being related to a framework for payment application development. Thus, all this evidence shows that claim 1 is directed to split financial payment processing, i.e. financial transactions.

It follows from prior Supreme Court cases, and *Bilski* (*Bilski v. Kappos*, 561 U.S. 593 (2010)) in particular, that the claims at issue here are directed to an abstract idea. Like the risk hedging in *Bilski*, the concept of financial transactions is a fundamental financial practice long prevalent in our system of commerce. The use of financial transactions is also a building block of all market economies. Thus, financial transactions, like hedging, is an "abstract idea" beyond the scope of § 101. *See Alice*, 134 S. Ct. at 2356.

As in *Alice*, we need not labor to delimit the precise contours of the "abstract ideas" category in this case. It is enough to recognize that there is no meaningful distinction in the level of abstraction between the concept of risk hedging in *Bilski* and the concept of financial transactions at issue here. Both are squarely within the realm of "abstract ideas" as the Court has used that term. *See id.* at 2357.

Further, claims involving data collection, analysis, and display are directed to an abstract idea. *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016) (holding that "collecting information, analyzing it, and displaying certain results of the collection and analysis" are "a familiar class of claims 'directed to' a patent-ineligible concept"); *see also In re TLI Commc'ns LLC Patent Litig.*, 823 F.3d 607, 611 (Fed. Cir. 2016); *FairWarning IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089, 1093–94 (Fed. Cir. 2016). Claim 1, unlike the claims found non-abstract in prior cases, uses generic computer technology to perform data collection, analysis, screen navigation, and transmission and does not recite an improvement to a particular computer technology. *See, e.g., McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1314–15 (Fed. Cir. 2016) (finding claims not abstract because they "focused on a specific asserted improvement in computer animation"). As such, claim 1 is directed to the abstract idea of receiving, analyzing, and transmitting data.

The remaining claims merely describe parameters for the transactions, information transferred, and conceptual programming paradigms such as API's. We conclude that the claims at issue are directed to a patent-ineligible concept.

The introduction of a computer into the claims does not alter the analysis at Mayo step two.

> [T]he mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention. Stating an abstract idea "while adding the words 'apply it'" is not enough for patent eligibility. Nor is limiting the use of an abstract idea "'to a particular technological environment.'"

> Stating an abstract idea while adding the words "apply it with a computer" simply combines those two steps, with the same deficient result. Thus, if a patent's recitation of a computer amounts to a mere instruction to "implement[t]" an abstract idea "on . . . a computer," that addition cannot impart patent eligibility. This conclusion accords with the pre-emption concern that undergirds our §101 jurisprudence. Given the ubiquity of computers, wholly generic computer implementation is not generally the sort of "additional feature[e]" that provides any "practical assurance that the process is more than a drafting effort designed to monopolize the [abstract idea] itself."

Alice, 134 S. Ct. at 2358 (citations omitted).

"[T]he relevant question is whether the claims here do more than simply instruct the practitioner to implement the abstract idea . . . on a generic computer." *Id.* at 2359. They do not.

Taking the claim elements separately, the function performed by the computer at each step of the process is purely conventional. Using a computer to receive, analyze, and transmit data and navigate screens for such transactions amounts to electronic data query and retrieval—one of the most basic functions of a computer. All of these computer functions are well-understood, routine, conventional activities previously known to the industry. In short, each step does no more than require a generic computer to perform generic computer functions.

Considered as an ordered combination, the computer components of Appellants' method add nothing that is not already present when the steps are considered separately. Viewed as a whole, Appellants' method claims simply recite the concept of financial transactions as performed by a generic

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computer. To be sure, the claims recite doing so by advising one to create a token to use as an authorization key and process the steps for a split transaction through an intermediary. But this is no more than abstract conceptual advice on the securing of the transaction and the generic computer processes necessary to process the transaction with such security, and do not recite any particular implementation.

The method claims do not, for example, purport to improve the functioning of the computer itself. Nor do they effect an improvement in any other technology or technical field. Instead, the claims at issue amount to nothing significantly more than an instruction to apply the abstract idea of financial transactions, albeit with some security recommendations, using some unspecified, generic computer. Under our precedents, that is not enough to transform an abstract idea into a patent-eligible invention. *See Alice*, 134 S. Ct. at 2360.

> As to the structural claims, they
>
> are no different from the method claims in substance. The method claims recite the abstract idea implemented on a generic computer; the system claims recite a handful of generic computer components configured to implement the same idea. This Court has long "warn[ed] . . . against" interpreting § 101 "in ways that make patent eligibility 'depend simply on the draftsman's art.'"

Id.

We are not persuaded by Appellants' argument that the Examiner has not established a prima facie case that the claims are not directed to patent-

eligible subject matter. App. Br. 9. The Examiner applied the *Alice* test, which we have elucidated *supra*. Appellants contend that:

> The Examiner has provided no evidence or even argument as to why "splitting a payment from a sender to a plurality of receiver parties," especially in light of the use of a generated pay key and causing a client machine to be directed to an approval interface associated with the payment facilitator with the pay key as a parameter, would be an abstract idea. In the absence of any evidence, there remains only a simple conclusory statement that the claims are directed to an abstract idea.

App. Br. 9–10. The evidence that the claim is directed to a split financial transaction is within the claims and Specification, as described *supra*. That this is an abstraction is clear on its face, as the steps are abstract conceptual advice as to the results a program is meant to perform, rather than any particular implementation as to how to do so.

We are not persuaded by Appellants' argument that the Examiner has not provided reasoning (*id.* at 11–12) for similar reasons. The reasoning is further articulated *supra*.

We are not persuaded by Appellants' argument that the Examiner has not provided substantial evidence (*id.* at 10–11) for similar reasons. The intrinsic record provides substantial evidence.

We are not persuaded by Appellants' argument that if the Supreme Court and Federal Circuit felt compelled to provide authoritative documentation for their assertions, the Examiner is, likewise, compelled to provide similar authoritative documentation. *Id.* at 13. The Supreme Court demonstrated that financial transactions have a sufficiently long history to

now be a set of fundamental concepts. Having done so, it is unnecessary to repeat the evidence the Supreme Court referred to. As a matter of law, financial transactions as such are abstract conceptual ideas.

We are not persuaded by Appellants' argument that the PTAB requires "actual evidence" to support the conceptual nature of what a claim is directed to. *Id.* at 13–14. As described above, the intrinsic record provides substantial evidence. To the extent Appellants argue that some further evidence is required, Appellants cite no precedential cases for this proposition.

We are not persuaded by Appellants' argument that the Examiner has not established a prima facie case against the dependent claims. *Id.* at 15. As we find *supra*, the dependent claims add nothing more than additional abstract concepts.

We are not persuaded by Appellants' argument that the claims at issue are not directed to a fundamental practice long prevalent in our system of commerce. *Id.* at 17–18. Financial payment transactions are at least as old as banking, and so predate the Medicis. Split transactions are and have been made as long as partnerships have been in existence.

We are not persuaded by Appellants' argument that when viewed as a whole, the claims at issue do not seek to tie up a judicial exception such that others cannot practice it. All of the cases Appellants cite for this proposition had claims that recited specific implementations. The instant claims seek to cover any and all implementations.

Appellants further argue that the asserted claims are akin to the claims found patent-eligible in *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014). In *DDR Holdings*, the Court evaluated the eligibility of claims "address[ing] the problem of retaining website visitors that, if adhering to the routine, conventional functioning of Internet hyperlink protocol, would be instantly transported away from a host's website after 'clicking' on an advertisement and activating a hyperlink." *DDR Holdings*, 773 F.3d at 1257. There, the Court found that the claims were patent eligible because they transformed the manner in which a hyperlink typically functions to resolve a problem that had no "pre-Internet analog." *Id.* at 1258. The Court cautioned, however, "that not all claims purporting to address Internet-centric challenges are eligible for patent." *Id.* For example, in *DDR Holdings* the Court distinguished the patent-eligible claims at issue from claims found patent-ineligible in *Ultramercial*. *See id.* at 1258–59 (citing *Ultramercial, Inc. v. Hulu. LLC*, 772 F.3d 709, 715–16 (Fed. Cir. 2014)). As noted there, the *Ultramercial* claims were "directed to a specific method of advertising and content distribution that was previously unknown and never employed on the Internet before." *Id.* at 1258 (quoting *Ultramercial*, 772 F.3d at 715–16). Nevertheless, those claims were patent ineligible because they "merely recite[d] the abstract idea of 'offering media content in exchange for viewing an advertisement,' along with 'routine additional steps such as updating an activity log, requiring a request from the consumer to view the ad, restrictions on public access, and use of the Internet.'" *Id.*

Appellants' asserted claims are analogous to claims found ineligible in *Ultramercial* and distinct from claims found eligible in *DDR Holdings*.

The ineligible claims in *Ultramercial* recited "providing [a] media product for sale at an Internet website;" "restricting general public access to said media product;" "receiving from the consumer a request to view [a] sponsor message;" and "if the sponsor message is an interactive message, presenting at least one query to the consumer and allowing said consumer access to said media product after receiving a response to said at least one query." *Ultramercial*, 772 F.3d at 712. Similarly, Appellants' asserted claims recite receiving, analyzing, and transmitting data and navigating screens. This is precisely the type of Internet activity found ineligible in *Ultramercial*.

We are not persuaded by Appellants' argument that the Examiner failed to indicate that the limitation directed to "causing a client machine to be directed to an approval interface associated with the payment facilitator with the pay key as a parameter" is "well-understood, routine, and conventional." App. Br. 22. This is simply the conventional placement of a URL in an address field and a parameter in a parameter field, or as an appendage to the URL. While other implementations are possible, as no implementation is recited, it is sufficient to cite this notorious manner of screen navigation.

We are not persuaded by Appellants' argument that when considered as an ordered combination, the elements of the claims at issue include something more. *Id.* at 24–25. The arguments here are entirely conclusory or repetitive of the prior arguments.

We are not persuaded by Appellants' argument that, like the claims in *DDR Holdings*, the claims at issue are rooted in computer technology in

order to overcome a problem specifically arising in a particular computer realm. *Id.* at 25–26. We addressed the comparison to *DDR Holdings, supra.*

We are not persuaded by Appellants' argument that the claims are not rejected over art. App. Br. 27. Although novelty is a factor to be considered when determining "whether the claims contain an 'inventive concept' to 'transform' the claimed abstract idea into patent-eligible subject matter" (*Ultramercial*, 772 F.3d at 715), a finding of novelty or nonobviousness does not necessarily lead to the conclusion that subject matter is patentable eligible. "Groundbreaking, innovative, or even brilliant discovery does not by itself satisfy the § 101 inquiry." *Ass'n for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S. Ct. 2107, 2117 (2013). Here, the Appellants have not shown novel features that transform the abstract idea into patent-eligible subject matter.

CONCLUSIONS OF LAW

The rejection of claims 1–12 and 14–21 under 35 U.S.C. § 101 as directed to non–statutory subject matter is proper.

DECISION

The rejection of claims 1–12 and 14–21 is affirmed.

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No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a). *See* 37 C.F.R. § 1.136(a)(1)(iv) (2011).

AFFIRMED